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MESSAGE

OF

GOVERNOR SAM C. FORD

TO THE

Thirtieth Legislative Assembly

OF THE

STATE OF MONTANA

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STATE PUBLISHING CO., HELENA, MONT.

GOVERNOR'S MESSAGE

Mr. President, Mr. Speaker and Members of the Thirtieth Legislative Assembly:

When the representatives of the people of Montana met here two years ago to exercise the lawmaking functions of this great commonwealth and through legislative pronouncements give direction to State policy, this nation and her allies had yet to achieve full military victory as men who loved liberty more than life fought against aggressors who would enslave the world with the sword and conspired to put all peoples in economic and political bondage.

Military victory over these enemies of a free world was on the horizon. Also on the horizon, but far less clear as to scope, definition and the mechanics of solution, were the problems we must inevitably face with the beginning of the post-war period. We could not then have a precise formula for meeting these problems, but so far as experience permitted us to look into the future, we tried to anticipate some of the needs that we must encounter. We could not but be aware that even though this State would not be ravished by shell and bomb, we could not escape involvement in this aftermath of devastation. We knew that when the armed power of the enemy had been broken, much of the world would be in economic ruin, and that amid devastation, social disruption and frustrated faith, men of good will would have to try to build again. Even today, though Hitler is gone and Hirohito is impotent, the hope for a just and secure peace in the world is not reassuring.

Our concern in Montana in 1945 was to do what might then be done to anticipate the problems of reconversion from war to a peacetime economy. Our concern was for the welfare of the men and women of Montana who put on the uniform of their country and would return, seeking opportunities to reorder their lives and establish themselves in civilian pursuits. We were concerned about providing employment. As a state government, we believed we should provide public works that would give jobs and prove a stimulus to industry and business until more normal conditions could prevail.

The Twenty-ninth Legislative Assembly took steps in anticipation of immediate post-war needs. As to directly aiding war veterans, the Assembly provided more amply for the Veterans' Welfare Com-

mission and made it possible for our University units to cooperate with the Federal Government in offering educational opportunities. Public works programs were authorized, including highway construction, for which the people in 1945 voted a $12,000,000 bond issue. Counties and cities were permitted to make special levies to set up reserves for post-war street and road conditions. Funds were earmarked for construction and improvement of State buildings.

These were some of the steps that were taken. But even now the needs are far from certain. And yet there are basic considerations, some of them existing before the war and despite the war, which merit our attention at this time. Improving our State government to make it function more efficiently for all the people has always been a challenge, and it is especially so now as we go into a period which will demand all the foresight of which we as a State are capable.

REORGANIZATION

May I emphasize, as I have emphasized in my former messages to the Legislative Assembly, that reorganization and streamlining of our State government has become a necessity, if we are to have due regard for the most beneficial expenditure of the tax dollar and, I might say, for the most beneficial administration in the interests of every citizen.

If there were no other argument for modernizing State administration, the mounting cost of operations would alone justify this action. The last few years have been fortunate ones for the State Treasury. Prosperity has been general. Tax delinquencies have been cleaned up. In five years it has not been necessary to make a State general fund tax levy. But today, with rapidly increasing costs, revenues for the current fiscal year will barely exceed expenditures, and further increases are certain during the next two years. Consequently, if we are to operate within our means, the pile-up of duplicating efforts and services must be eliminated.

The Twenty-seventh Legislative Assembly authorized a comprehensive study of the organization structure of the State government for the purpose of developing a program of improvement and economy to simplify and modernize the organization and procedures of the State. The study was made and recommendations were submitted to the Twenty-eighth Legislative Assembly.

Only minor recommendations were adopted. It is my hope that during the present session the study and recommendations will be re-examined to the end that modern business methods may be adopted. In my opinion, this is one of the most important problems before the session.

LEGISLATIVE REORGANIZATION

The Legislatures of a number of states have included Legislative reorganization within the scope of modernizing the governmental structure. Congress has adopted a reorganization plan, effective with the current session, which among other things reduces the number of committees. It appears to be the conclusion of most authorities who have studied the question that Legislative bodies have a tendency to become overbalanced with committees, resulting in inefficiency and cumbersome procedure. Aware that Montana Legislative sessions have for several years considered steps to make its own organization more workable, I do not hesitate to commend the extension of this enterprise to your attention.

SALARIES

In these days of skyrocketing costs and inflationary prices, the salaries paid our State Officials, Justices of the Supreme Court and District Court Judges are inadequate. On the basis of the purchasing power of the dollar, these salaries have been in effect drastically cut. Their readjustment to bring them more in line with living costs and a fairer value of the services rendered is urgent in the best interests of the State.

In recognition of the increased cost of living, and as a matter of necessity if many of our more competent employees were to be kept, the State Board of Examiners has increased the salaries of the State personnel generally. It is obvious, however, that salaries fixed by law, especially the salaries of the officials mentioned, cannot be increased except through legislative action.

TAX LAWS

Consistent with modernizing of the administrative structure of the State government is an examination of the tax laws. Montana's tax laws have not been revised since 1921, although meanwhile additional revenue acts have been passed and various changes made. In my opinion, the State's whole tax structure should be carefully reappraised. Accordingly, I recommend that a committee, adequately financed and with ample scope for its inquiries, be set up to study our tax structure and report its findings to the next Legislature.

CONSTRUCTION PROGRAM

Your deliberations during these sixty days will include questions of State policy as to public works, and I know that in considering these matters you will have in mind that permanent benefit the

people of the State will get from the capital investment of State funds, as well as the immediate effect through giving employment and helping business.

This Assembly has before it the report of the State Post-war Planning and Construction Commission. This Commission was part of a program formulated by the Twenty-ninth Legislative Assembly. The Assembly impounded approximately $4,500,000 of a general fund surplus as a post-war construction program and authorized appointment of a Commission to study needs and make recommendations. The program included necessary improvements and construction at State institutions and assistance to the State Water Conservation Board in establishing or expanding projects to bring more land under irrigation.

Three members of the Senate and three of the House were members of the Commission. Meetings were held at frequent intervals, and State institutions were visited to get intimate details of needs. Requests for funds were balanced against money which it was expected the 1947 Legislature would appropriate. It was conclusive that the $4,500,000 would permit little more than making the most imperative improvements to prevent further deterioration of physical plants. Whether more extensive financing to meet present and anticipated requirements should be undertaken will no doubt be considered by this Assembly in connection with the Commission's report.

The money impounded in the post-war construction fund is not all the money presently available for State construction. A State office building on the capitol grounds is contemplated, but this can possibly be financed in part from the State capitol land grant. Already authorized for construction from the income from this fund is the veterans' and pioneers' memorial building in Helena. It is believed that by the beginning of the next fiscal year the surplus in the capitol land grant fund will be sufficient for this structure.

STATE HOSPITAL

The urgency of improving and enlarging facilities at the State Hospital for the Insane has been recognized by the people of Montana for years. In 1940 the voters authorized a $500,000 bond issue for the institution. Because of the war, little of this could be utilized. However, a contract has been entered into for the construction of a dormitory which will greatly improve conditions at the institution.

In 1945 the Legislature again gave close attention to the needs at Warm Springs and took steps calculated to relieve the situation.

One of its actions was submission to the voters at last year's election of Referendum 50, a $2,000,000 bond issue. The bond issue was authorized. The act is not self-executing, and legislation is necessary to carry out its provisions.

HOME FOR AGED

For several years there has been a growing feeling that aged persons at Warm Springs, who are not insane but have been committed to the Hospital, should be in an institution removed from Warm Springs. I believe that in considering the Warm Springs situation a study by this Assembly of a separate institution for seniles is appropriate.

MISSOURI RIVER DEVELOPMENT

The fullest feasible development of the State's water resources for the benefit of the people of Montana is of vast importance as we enter the post-war period. Substantial progress has been made in Missouri River development, and it has been made in such a way that the rights of the people of Montana are protected. Authority plans under which super-states dominating our great river basins have been fought off, and I am sure I express the sentiment of a large majority of Montana citizens when I say that Montana will continue to successfully meet the threat of super-state government every time it appears.

WATER CONSERVATION BOARD

The State Water Conservation Board has continued to cooperate with various Federal agencies in a development plan for reclamation of a substantial acreage. Like other states, Montana has been handicapped by lack of manpower, equipment and supplies, but the engineering has been done and projects are ready for construction as soon as conditions permit. Adequate financial provision so that the Board can proceed with projects that are economically sound merits your consideration.

RURAL ELECTRIFICATION

Satisfactory progress is being made in rural electrification in Montana. As you know the personnel of the Water Conservation Board is also that of the Rural Electrification Board and of the State Planning Commission. I am sure we all are in accord that so far as possible electric service should be extended to every farm in the State.

INTERNATIONAL STREAMS

More adequate information on the water volume of international streams to which Montana and the Dominion of Canada both have claim is essential if Montana is to be assured of her fair share of these waters. Canadian authorities have made studies of the flow of these streams for a number of years, but Montana and the United States have made virtually no corresponding studies and have had to depend on Canadian data. An appropriation through which stream flow studies could be made and a survey of all streams which cross the border of Montana and Canada would serve the interests of Montana.

INDUSTRIAL SURVEY

It is obvious that if Montana is ever to be more than a producer of raw materials that are to be processed elsewhere, business and industry in this State must be expanded to take full advantage for the benefit of Montana people of the resources with which this State is so abundantly blessed. Accordingly, I believe the Legislature could implement Montana's opportunity by setting up in an existing State Agency an Industrial Commission to make a study and survey of the State's resources and industrial and business possibilities and distribute the result thereof to those who may be seeking new fields of endeavor.

ADVERTISING MONTANA

If we believe that in natural resources Montana has an impressive appeal to persons, industries and business organizations seeking new fields, and if we appreciate the value of our scenery, recreational opportunities and climate as an attraction for visitors, we are perhaps conscious of the need for advertising Montana more extensively. The tourist business is big business, and now when the whole nation is eager to travel, it would be good business for Montana to advertise the matchless scenery and recreation we have to offer. Hence, I strongly urge appropriation of $100,000 for each year of the coming biennium to advertise Montana as it should be advertised.

EDUCATION

Another post-war situation Montana must face is that of education. It is a problem of magnitude, but it is an old problem now more acute because af economic factors. It concerns elementary and secondary schools, and it concerns the University system. Each has its own specific difficulties, but in the composite it is a situation in

which the right of every child to a reasonable education is the real issue which I commend to your consideration.

The greatest single factor in the development of any state is its population, and within that population one of the most important factors is that of the young people. If Montana, for example, is to be developed, it will be developed by the people who have the intelligence, the vision and the courage to undertake new and difficult enterprises.

Every citizen must have faith in the future of our State, confidence in our ability to achieve in a technical and social capacity for success. If Montana is to be developed, we must give our young people adequate opportunities to make the most of their individual endowments, and we must influence them to remain in the State and contribute their lives to its development. It is for this reason that I maintain that of all Montana's resources the young people are easily the greatest.

PUBLIC SCHOOLS

Our public school system has reached a crisis. Every child in the State, whether residing in the rural areas or in the larger cities or towns, is entitled to equal educational opportunities, but unfortunately that condition does not exist.

Many of our school districts, due to low valuations of property, cannot adequately finance their school. In all too many cases, teachers' salaries are miserably low, which has resulted in our teachers leaving their chosen field for employment in business and industry. The number of recruits to the profession is not sufficient to properly staff our schools.

A different system of financing and organization must be devised if we fulfill our obligation to the children of the State.

The Twenty-ninth Legislative Assembly recognized this problem by authorizing the appointment of a Public Elementary and Secondary School System Committee to make "a careful study of conditions existing in all classes of schools in the State, pertaining to the problems as to standards and courses of study of said schools, financing, maintenance, transportation and supervision."

This Committee, without State-appropriated funds, and at much personal expense of time, money and effort, met many times to study conditions of our school system and has outlined a program that in the opinion of those who have given it close consideration offers, if approved, a simplified, broadened, modernized and equit-

able foundation to provide proper educational advantages to our children.

The report of the Committee on a subject so vital to the welfare of Montana and its future citizenry is deserving of the closest scrutiny of this body and its recommendations are worthy of your most thoughtful consideration, divorced from all political, partisan and selfish ideas that too frequently infiltrate matters relating to our schools.

HIGHER EDUCATION

The educational problem of our young people in Montana does not end with the elementary and secondary schools. The problem extends into the field of higher education, and too often it means that the youth is lost to Montana, which is a loss the future of Montana cannot afford.

In Montana we have no really large cities, relatively few large industries, and in Montana's status of development, opportunities seem limited compared with other states. Moreover, a considerable portion of our young people in the past have left the State for their general, professional and technical training. Having left the State for their education, many have not returned. To provide so far as we can the education our young people want and the opportunities in life they seek is a challenge Montana needs to face. The challenge is whether we shall provide such financial and other support for the University of Montana that the offerings at each of the units will meet the high levels of accrediting standards recognized throughout the nation and the world.

In this post-war period, higher education in Montana, as in the United States generally, is confronted with unprecedented demands. Increased enrollments, due primarily to the registration of returned veterans in overwhelming numbers and secondarily to the ever-growing belief by youth in the value of education as a life-long investment, have created housing and staffing problems of which the public is but partially aware.

Despite many difficulties and disappointing delays, considerable progress has been made to provide temporary housing for students. Housing of a permanent type remains one of the problems for future solution at each unit of the University.

Increased enrollments are also taxing the library, classroom and laboratory facilities. Federal aid was recently made available to procure temporary buildings which will add to the present instructional capacity. These buildings, however, must be considered

merely as an expediency in the present emergencies, as a stop gap until more suitable accommodations can be obtained.

The University has long been in need of facilities which can be provided only by an extensive and extended program that will place on the several campuses permanent buildings to serve the functions of the institutions.

It is recommended that the Legislature consider this problem carefully to determine whether adequate funds to finance a building program can be made available over the next several years or whether it is advisable to ask the citizens of the State to vote bonds sufficient for this purpose. It is a quarter of a century since Montana last provided means for the physical development of the University. Until the necessary buildings are constructed, teachers will continue to be handicapped in their instruction, and students will be denied modern facilities and equipment for their training.

It is particularly appropriate to focus attention on the problems of recruiting and retraining personnel to instruct the unprecedented number of students that crowd to the campuses. The effectiveness of education depends on the quality of teaching as well as upon the application and ability of the learner. If able men and women are attracted to and retained by the University, there must be more adequate compensation for those who teach. Overcrowded classrooms, heavy teaching schedules and the high cost of living are driving men into more lucrative occupations. There is a shortage of University instructors as there is of elementary school teachers. The University of Montana is in direct competition for instructors with large and better supported institutions of higher learning. In the last analysis, the teacher is the heart of the educational system. Additional appropriations are also necessary for increased salaries for other employees within the University system.

Never has there been a time when the stability and progress of the State and nation have depended more upon the soundness and effectiveness of the education program than the present. The grave crisis in higher education, due largely to limited support, calls for prompt action if permanent injury to our institutions is to be averted.

MILLAGE TAX

When we consider the taxable property valuation of Montana and the maximum three and one-half mills that may be levied under the University millage tax, it is obvious that under the present law sufficient funds cannot be obtained to maintain the University of Montana. While there are fields of higher education which we

know Montana cannot afford to offer, we also know there are fields of learning at the college and university level which we cannot afford to drop.

It is recommended, therefore, that the Legislature study the problem of University finance for the purpose of determining the millage rate necessary to obtain adequate support for the University. A bill indicating the maximum rate that may be levied and, preferably, not limited to a specific term of years, should be passed and referred to the voters at the 1948 general election.

SOCIAL SECURITY

The whole field of social security merits your study. Two years ago I told the Legislature that I believed the time had come for strengthening our social security laws. I now reiterate that belief. Changes in economic levels and in living costs have rendered almost obsolete some of the provisions of the unemployment compensation law. We are now in a position where we can, with prudence and foresight, remedy some of these shortcomings.

I earnestly recommend that your attention be directed to such corrective measures. Unless Montana takes adequate steps in that direction, it is likely that these same steps will be taken on a Federal basis, and we shall then have more invasion of local and State governmental fields and more domination of the lives of our people by Federal bureaus, commissions and agencies.

The Employment Service was returned to the State on November 15. We now have an opportunity to improve this service with some measure of local control.

UNEMPLOYMENT COMPENSATION

Unemployment compensation is the bridge by which society attempts to convey a worker from his most recent job to his next job. In Montana it has served as a cushion against the shock of sudden lack of employment for many thousands of workers, but it is still shackled by the terms of "before the war" economy and should be carefully examined to decide what changes are warranted by present conditions.

One change, you may find, would be to extend the coverage of unemployment compensation to those forms of employment which are now excluded. Loss of a job by such workers may prove just as disastrous, and be as embarrassing to our social structure, as the loss of work by the miner or the mechanic or the salesman, who is now protected.

Another phase meriting your study is the maximum and minimum amounts of unemployment benefits payable and the duration for which they are payable. The present law fixes $15.00 as the highest reimbursement for a week of unemployment, and a minimum of $5.00 as the lowest amount. It stipulates that benefits shall be limited to sixteen weeks of a benefit year. These provisions come down to us from 1939. You may find these figures are too low under present conditions.

SICKNESS INSURANCE

I have previously recommended that Montana take steps to safeguard its workers when their pay check stops because of illness or disability. This should be made another phase of unemployment compensation and should be built upon the same structure as to duration, benefit amounts and requirements.

Sick or disabled workers are in greater need than those in full health. We should remember that the disabled worker and his family face heavier expense, in addition to the loss of wages, than is the case with the worker who is out of work but is able to work.

Upon the framework of the present unemployment compensation plan, we can devise a simple, workable and not too expensive plan to provide sickness benefits to bridge the weeks such a worker is unemployed.

I submit that a reasonable liberalization of our present laws for unemployment benefits can be made effective within the present tax structure. In its ten years of operation, the Unemployment Compensation Commission's trust fund has grown to the respectable total balance of around $23,000,000. Those years have included times of maximum unemployment, prior to 1941, and a war period during which there was a maximum of employment.

It is my belief that Montana should protect and maintain an adequate reserve in its unemployment fund and be prepared for a period of economic stress, which we know is liable to confront us at some future date.

PUBLIC WELFARE

One of the chief objects of solicitude by the citizens of Montana is for the needy aged, the blind and neglected and dependent children. Although financial aid in their behalf, administered by the State Department of Public Welfare, has steadily increased during the last few years, it is obvious that mounting living costs have offset the additional help they receive from public disbursements.

Average monthly allowances to the aged grew from $19.46 in January, 1941, to $36.90 in December, 1946. For the needy blind the amount increased from $21.16 in January, 1941, to $39.55 in December, 1946. Payments for neglected and dependent children averaged $11.86 in January, 1941, compared with $23.42 last month. On a family basis this amounted to $28.93 in January, 1941, and $62.44 in December, 1946.

I know you will most sympathetically examine the situation affecting these worthy beneficiaries of State assistance and determine whether it is possible to enlarge upon this aid. Even at the prewar purchasing power of the dollar, the present allowances would be far from adequate in many instances.

HOSPITAL SURVEY

Among the social services to which the State can deservingly lend its support is to a program through the functioning of which hospital facilities would be expanded and improved under the provisions of Public Law 725, 79th Congress. This act was designed to assist the states to survey their needs for additional hospital facilities and to develop programs for construction of facilities to meet these needs. Its purpose can be realized only to the extent that the State takes action to initiate and carry out survey and construction programs.

If Montana is to participate in available Federal funds for survey and construction of hospital and health center facilities, enabling legislation must be enacted.

HOSPITAL STANDARDS

Public Law 725 also requires enactment of a hospital standards and licensing law before June 30, 1948, for continued Federal aid for hospitals and health centers. Such legislation should be broad enough to cover, not only hospital and health centers, but maternity homes, homes for foster care and homes for the aged, whether public or private.

WORKMEN'S COMPENSATION

Benefits to injured workmen and to widows and children under the Montana Workmen's Compensation Law were last increased by the Twenty-first Legislative Assembly in 1929. Due to increased living costs, it appears that present benefits are insufficient to carry out the intent of the law. I recommend an increase in these benefits.

While the law intends that both employee and employer bear part of the burden, and by reason thereof benefits have only been

part of the weekly wage, the benefit portion, in my opinion, is too low because of changes in conditions of which everyone is aware.

Montana has had thirty years' experience in workmen's compensation. The original Law was passed in 1915. Administration of the act could be made more practical by adoption of amendments providing a method of handling a large number of situations never anticipated by the original law, but situations which experience has taught us are almost every-day occurrences. I, therefore, suggest that the Assembly investigate the desirability of strengthening the law through amendment with reference to administration.

LABOR DEPARTMENT

In previous messages to the Legislature, I recommended creation of a separate department of labor. I still believe that efficient administration of our labor laws cannot consistently be a function of a department whose interest is primarily in agriculture. Montana and North Dakota are the only remaining states having this illogical combination of governmental activities — agriculture and labor — attempting to function as a unit. A separate department of labor requires a constitutional amendment. I recommend its submission to the voters at the 1948 general election.

HIGHWAY SAFETY

Reduction of highway traffic accidents should be of deep concern to all our people. It is one of the gravest problems confronting the United States today. Traffic accidents have killed more persons in this country in the last ten years than all the wars in which this nation has engaged. In addition, the economic loss to the United States in the last twenty years has been nearly sixty billion dollars or three times the cost of construction of all the nation's highways.

Unless this epidemic of death, injury and property damage is halted, every family in Montana will feel its impact in the next year or two.

During 1946, 160 lives were lost in highway accidents in Montana, and 1,373 persons were injured. To November 1, there were 2,302 instances of property damage with an estimated loss of $473,430.

DRIVER'S LICENSE LAW

Montana is cooperating in a national crusade against highway accidents. Following the President's Safety Conference last spring, two conferences were held in Montana to which persons from every

part of the State and every walk in life were invited. The overwhelming majority of those participating stressed the need for a driver's license law in Montana.

A statewide safety council was tentatively organized, and it was recommended that Montana join other states in a state sponsored safety council whose duty it would be to organize local councils and assist the State Highway Patrol in its campaign of safety education.

I believe a driver's license law modeled after the uniform license act prepared by the Public Roads Administration would be an important step in dealing with this alarming situation. I also propose for your consideration the forming of a state safety council as a means of furthering highway safety through education and cooperation.

AIRPORT GRANTS

In enacting the Federal Airport Act (Public Law 377, 79th Congress) the national lawmaking body was careful to preserve the long-established, successfully-operated principle and policy of Federal grants-in-aid administered through the States to political subdivisions or specific projects.

Public Law 377 permits the Civil Aeronautics Administration to deal directly with any and all political subdivisions without reference to the states, but Section 9 (b) definitely limits this privilege by providing:

> "Nothing in this act shall authorize the submission of a project application by a municipality or other public agency which is subject to the law of any state if the submission of such project application by such municipality or other public agency is prohibited by the law of such state."

Montana is interested in preserving this principle. We are interested in an adequate system of public airports, intelligently planned, efficiently administered and economically financed. It is generally recognized that such a system of airports can only be had if this principle of Federal-State cooperation involving joint planning, joint financing and joint administration is maintained.

I, therefore, recommend the enactment of legislation specifically requiring that Federal grants-in-aid for airport construction shall be expended in the State only upon receiving the approval of the State Aeronautics Commission.

INSURANCE

A decision by the United States Supreme Court in 1944 opened the way to Federal regulation and supervision of the business of insurance, theretofore a concern solely of the states. Since the decision was announced, the state governments have studied existing state and Federal laws and have examined practices in the business in order to assess fully the modifications necessitated by the new status of insurance. Efforts to achieve a new balance have been aided by Federal legislative and executive indorsement of effective state regulation and by suspending until January, 1948, of application to the business of most Federal anti-trust laws.

Our laws relative to the regulation of insurance are inadequate, and I urge that careful study be made of this subject to the end that legislation be enacted assuring adequacy of regulation and continuity of state supervision of the business of insurance.

RENT CONTROL

If as indicated, the Federal government terminates its authority to fix rent ceilings, I strongly urge that the State set up or preferably clothe an existing department with authority to fix rentals in Montana. I am convinced that the number of "chiselers" or so-called "racketeers" among landlords are relatively few, but in my opinion rent control legislation looking to the future should be enacted in the State. Such legislation should become effective if and when the Federal government relinquishes rent control in every form.

LAW ENFORCEMENT

In some counties there appears to be little or no effort to enforce gambling laws and various moral laws. Flagrant violations and lack of enforcement are conducive to disregard and disrespect for all laws and, more directly, contribute substantially to juvenile delinquency. In my opinion, this situation can be materially improved if the Legislature will appropriate funds to be used by the Attorney General for law enforcement in counties whose officers fail to meet their duty.

LIQUOR CONTROL LAWS

For uniform administration of the Montana Liquor Control Act, beer act and retail liquor act, discretionary power in issuing liquor and beer licenses should be in the State Liquor Control Board. Because of police problems arising from the liquor traffic, this Board should have the power to determine after careful investigation whether the issuing of any particular license in any county, city or town would cause a police problem beyond the capacity of local

authorities to cope with, and when such a situation is indicated, to deny the application.

The number of retail beer and liquor licenses has been growing rapidly. The 1,485 beer licenses issued in 1946 exceeded those of 1945 by 288. The number of club beer licenses was 142 last year, a gain of 34 over 1945. Retail liquor licenses increased 278 in 1946 over the previous year and totaled 1,361. Club liquor licenses climbed to 136 last year, a jump of 42 since 1945.

Experience shows that control of the liquor traffic depends on control of the issuing of retail licenses. This control is a police power, and discretionary authority should be vested in the State Board to decide when and where a license should be issued if a police problem arises. Police problems are not peculiar to incorporated cities alone, as a great portion of the State's population lives outside of incorporated cities and towns.

CLUB LICENSE FEE

Because of the steady increase in the number of club licenses due to the small license fee the clubs have to pay compared with regular retail dealers, it seems only fair to the retailers, and also as a revenue producing means, that clubs should pay the same license fees as retail dealers. This would solve the club problem to a great extent.

Decreased supplies because of war conditions required the rationing of liquor in Montana so that distribution might be as equitable as possible. This has brought some criticism of the administration of the law by the State Liquor Control Board. I suggest that a joint committee be appointed to investigate the Board's policies and administrative functioning.

FIRE PROTECTION

The nation has recently been shocked by fires in hotels, apartment houses and other buildings, which have taken heavy tolls of life. This situation makes pertinent an inquiry by the Legislature into the sufficiency of fire protection statutes, primarily regarding fire escapes, and that such measures be enacted as might be indicated.

VETERANS' WELFARE COMMISSION

In recognition of Montana's duty to her returned veterans, the 1945 Legislature broadened the score of the Veterans' Welfare Commission and provided the financial needs for meeting this enlarged responsibility. The Commission has been fully alert to its opportunities for service and is rendering this service in many ways.

The Commission, through its State service officer and field officers, is especially helpful to veterans and their families in representing them in pressing claims before the Veterans Administration. This has been done with notable success. The Commission has been designated as the approval agency for on-the-job training in vocations below the apprenticeship level, and in this capacity likewise the Commission has demonstrated its ability to act for the veteran's best interests.

The program assigned to the Commission should be continued at least on the present standard.

STATE INSTITUTIONS

During the war our State institutions operated as well as could be expected due to the shortage of trained and experienced personnel, lack of necessary supplies and equipment and other causes over which we had no control. There has been some improvement since the termination of the war, and it is anticipated that in the near future conditions at all State institutions will be greatly improved.

STATE FINANCES

The State's financial condition is good. It is anticipated that at the end of the present fiscal year there will be a balance in the general fund in excess of one million dollars. However, we should have in mind that the cost of operating the State government efficiently will in all probability increase during the next two years, and revenue for that period may be considerably reduced.

If we are to operate within our income, great care must be given appropriations and our whole financial structure.

It is to be expected that requests for appropriations will surpass estimated revenues from present sources. There will be proposals for raising additional revenue. In your efforts to reconcile apparent needs with available funds, you will meet with many perplexities. Your considerations will not be confined to immediate needs, but also such financing policies as may be dictated by long range planning. Your deliberations will be not alone in the realm of State financing, for you will also contemplate how the subdivisions of the State can be aided in meeting their post-war problems.

POST-WAR RESERVE FUNDS

Montana's counties were never in better financial condition. Also many of the city governments have their finances in good order

and are prepared to launch post-war improvements. Laws enacted in 1945 permitting counties, cities and school districts to set up reserves for post-war projects provide that such sums cannot be used until the war emergency has been officially declared ended.

Some of these county and local governments are anxious to start their construction programs. I recommend that you examine this situation and determine whether amendment of these laws is necessary to permit projects to begin at this time.

CONCLUSION

In summing up this report on the condition of the State government and my recommendations for its better functioning in responsiveness to the needs of the times and the desires of the citizens of this great commonwealth, I believe I can confidently say that although Montana has problems, Montana is able to meet them wisely, resolutely and with vision. We have faith in our State, and with that faith we will march ever on toward the goals of economic and social development which Montana's fabulous resources and temperament and aspirations of her people so fully justify.

We are conscious, increasingly conscious of Montana's rightful destiny, of Montana's sovereignty as a commonwealth. This sovereignty we will continue to defend against usurpation. We will resist as we have always resisted all efforts, be they open or insidious, to deprive us of our rights as a State and as citizens of a State.

We will meet the full responsibility of our partnership in this great union of free states under one flag and one constitution, but we will never tolerate the designs of those who would make that flag the symbol of something that has never been American and distort that constitution to condone the setting up of super-governments by the prophets of a new economic and social order.

During these sixty days, you will exercise one of the most cherished functions of a free people, the right to make their laws. You may not always agree on measures that should be taken, but the enactments which come from this Assembly will be the collective judgment, the majority opinion, of the people of Montana as expressed by their selected representatives. That is the way of a free people. It is proof that Americans know what they are fighting for when they fight to keep their free institutions.

In your endeavors you will have my sincerest cooperation. Working together with dedication to the tasks before us, we will devote ourselves to making this an even greater Montana and to lifting ever higher the ideals that are American.